

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1553-02
Bill No.: SB 458
Subject: Taxation and Revenue - Income; Tax Credits; Economic Development; Fire Protection
Type: Original
Date: February 24, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$50,000)	(\$50,000)	(\$50,000)
Total Estimated Net Effect on General Revenue Fund	(\$50,000)	(\$50,000)	(\$50,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Economic Development (DED)** would continue to administer the Dry Fire Hydrant program which is extended through August 2006. The bill would reduce the annual cap on issued amounts from \$500,000 to \$50,000.

DED assumes the program will be extended at an annual cost of \$50,000 and that no new personnel will be needed to administer the ongoing program. The program is an entitlement program so DED could issue up to \$50,000 each year. There is a 7 year carryforward on these credits, so the credits could continue to be redeemed until at least 2013.

Officials of the **Department of Public Safety, Division of Fire Safety** assume this legislation allows for tax credits up to \$50,000 in any one fiscal year as approved by the Director of the Department of Economic Development.

The State Fire Marshal shall review applications for dry hydrant tax credits based on criteria outlined in section 320.093.5, authorize and issue a permit for the construction and installation of any dry fire hydrant site. Only approved dry fire hydrant sites will be eligible for tax credits.

The tax credits can be awarded through August 28, 2006.

ASSUMPTION (continued)

Officials of the **Department of Revenue (DOR)** assume this legislation reduces the dry fire hydrant tax credit from five hundred thousand dollars to fifty thousand dollars and extends the sunset of the credit from 2003 to 2006. These changes will not impact DOR since DOR does not anticipate receiving additional tax credits.

DOR assumes DED or the Office of Administration, Budget and Planning should estimate the revenue impact.

This proposal could decrease Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE FUND			
<u>Loss - General Revenue</u>			
Dry fire hydrant tax credit	<u>(\$50,000)</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$50,000)</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2004 (10 Mo.)	 FY 2005	 FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

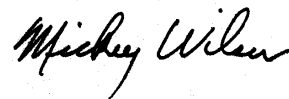
DESCRIPTION

This proposal extends the sunset on the dry fire hydrant tax credit. Currently, the law states that no more credits may be awarded after August 28, 2003. This proposal will extend that date to August 28, 2006. The proposal also reduces the annual cap on the credit from \$500,000 to \$50,000.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Economic Development
Department of Public Safety
Division of Fire Safety



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